

The Washington City Council met in a regular session on Monday, April 13, 2015 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Administrative Services Director/C.F.O.; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Gloria Moore, Library Director; Susan Hodges, Human Resources Director; Kristi Roberson, Parks and Recreation Manager; Keith Hardt, Electric Utilities Director; John Rodman, Community & Cultural Services Director; David Carraway, Network Administrator and Mike Voss, Washington Daily News.

Mayor Hodges called the meeting to order and Councilman Pitt delivered the invocation.

**APPROVAL OF MINUTES:**

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the minutes of March 23, 2015 as presented.

**APPROVAL/AMENDMENTS TO AGENDA:**

Mayor Hodges reviewed the requested amendments to the agenda:

- Move from Old Business Item B: Approve – USDA Agreement For Goose Management (discuss after approval of Consent Agenda)

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council approved the agenda as amended.

**PRESENTATION: CYNTHIA BENNETT – MASTER MUNICIPAL CLERK DESIGNATION**



**CONSENT AGENDA:**

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the consent agenda as presented.

A. **Approve** – Declare Surplus/Authorize – Electronic Auction of Vehicle through Gov Deals

<u>Vehicle #</u>	<u>Make/Model</u>	<u>Department</u>	<u>Serial #</u>	<u>Meter Reading</u>
613	2005 Chevrolet	Electric	1GCEC19V25Z227503	135,752

B. Approve – Audit Contract for fiscal year 2014-2015

LGC-205 (Rev. 2014)

**CONTRACT TO AUDIT ACCOUNTS**

Of \_\_\_\_\_  
City of Washington, NC  
Governmental Unit and Discretely Presented Component Unit (DPCU) if applicable

On this \_\_\_\_\_ 19th \_\_\_\_\_ day of \_\_\_\_\_ March \_\_\_\_\_, 2015 \_\_\_\_\_

Auditor: \_\_\_\_\_ Martin Starnes & Associates, CPAs, P.A. \_\_\_\_\_ Auditor Mailing Address: \_\_\_\_\_  
730 13th Avenue Drive SE, Hickory, NC 28602 \_\_\_\_\_ Hereinafter referred to as The Auditor

and \_\_\_\_\_ City Council \_\_\_\_\_ (Governing Board (s)) of \_\_\_\_\_  
City of Washington, NC \_\_\_\_\_ : hereinafter referred to as the Governmental Unit (s), agree as follows:  
Governmental Unit (s)

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning \_\_\_\_\_ July 1, 2014 \_\_\_\_\_, and ending \_\_\_\_\_ June 30, 2015 \_\_\_\_\_. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCU's, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).

County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Circular A-133 for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.

3. If an entity is determined to be a component of another government as defined by the group audit standards - the entity's auditor will make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: \_\_\_\_\_ October 31, 2015 \_\_\_\_\_. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.

**Contract to Audit Accounts (cont.)** \_\_\_\_\_ City of Washington, NC  
Name of Governmental Unit and Discretely Presented Component Unit's (DPCU) if applicable

7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent to: [lgc.invoice@nctreasurer.com](mailto:lgc.invoice@nctreasurer.com). Subject line should read "Invoice - [Unit Name]. The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

**Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]** \_\_\_\_\_  
Audit \$28,700

**Preparation of the annual financial statements \$5,300**

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. The 75% cap for interim invoice approval for this audit contract is \$ 25,500 **\*\* NA if no interim billing**

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.

12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.

13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditors' opinion is not included) by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the

Contract to Audit Accounts (cont.) City of Washington, NC  
Name of Governmental Unit and Discretely Presented Component Unit's (DPCU) if applicable

- Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.
- If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.
- The LGC's process for submitting contracts, audit reports and Invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net>. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item #17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment. See attached engagement letter.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not issued and the DPCU is included in the primary government audit, the DPCU must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.
19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of April, 2014. These instructions are subject to change. Please check the NC Treasurer's web site at [www.nctreasurer.com](http://www.nctreasurer.com) for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. Municipal & County Contracts: The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, use E Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64 26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina's E-verify law), and that such private employer has a duty under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor and its subcontractors comply with North Carolina's E-verify law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina's E-verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

Contract to Audit Accounts (cont.) City of Washington, NC  
Name of Governmental Unit and Discretely Presented Component Unit's (DPCU) if applicable

**Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.**

**Audit Firm Signature:**

Martin Starnes & Associates, CPAs, P.A.  
Name of Audit Firm

By Amber Y. McGhinnis, Audit Manager  
Authorized Audit firm representative name: Type or print

Amber Y. McGhinnis  
Signature of authorized audit firm representative

amcghinnis@martinstarnes.com  
Email Address of Audit Firm:

Date March 19, 2015

**Governmental Unit Signatures:**

By Mac Hodges, Mayor  
Mayor / Chairperson: Type or print name and title

Mac Hodges  
Signature of Mayor/Chairperson of governing board

Date April 13, 2015

By N/A  
DPCU Chairperson: Type or print name and title

N/A  
Signature of Chairperson of DPCU If applicable

Date N/A

**Unit Signatures (continued):**

By N/A  
Chair of Audit Committee - Type or print name

N/A \*\*  
Signature of Audit Committee Chairperson

Date N/A  
\*\* If Governmental Unit has no audit committee, this section should be marked "N/A."

**PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)**  
This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By Matt Rauschenbach, Chief Financial Officer  
Governmental Unit Finance Officer: Type or print name

Matt Rauschenbach  
Finance Officer Signature

mrauschenbach@washingtonnc.gov  
Email Address of Finance Officer

Date 4/13/15  
(Pre-audit Certificate must be dated.)

Date Governing Body Approved Audit Contract - G.S. 159-34(a) 4/13/15

Board Approval Date – Primary Government

N/A  
Board Approval Date - DPCU

C. Authorize – City Manager to enter into an agreement with Compensation Claims Solutions



SERVICE AGREEMENT FOR ADMINISTRATION  
OF WORKERS' COMPENSATION CLAIMS

This agreement (the "Agreement") is made and entered into this the 1st day of July, 2015 by and between Compensation Claims Solutions, ("C.C.S.") a corporation organized and existing pursuant to the laws of the State of North Carolina and City of Washington.

WITNESSETH

Whereas, pursuant to the North Carolina Workers Compensation Act, Chapter 97 of the North Carolina General Statutes, as amended (the "Act"), Self- Insurer is exempt from carrying workers compensation insurance coverage for its employees (the "Employees") due to its program of self-insurance for workers compensation claims; and

Whereas, C.C.S. is in the business of providing administrative and other services to entities which operate self-insurance programs for workers compensation claims.

Now, therefore, in consideration of the foregoing and the mutual terms, covenants and conditions set forth herein, the parties hereto agree as follows:

Section 1  
Reported Claims/Fees

- 1.1 Reporting. Self-Insurer shall promptly report to C.C.S. each workers compensation claim of an Employee which Self-Insured desires C.C.S. to administer.
- 1.2 Fees to C.C.S. Self-Insurer shall pay to C.C.S. fees (the "Fees") for services performed by C.C.S. pursuant to this Agreement in accordance with the following:
  - a. All claim functions will be handled for a flat annual fee of \$20,500.00 for each of the fiscal years, 07/01/15-06/30/16, 07/01/16-06/30/17 and 07/01/17-06/30/18.
  - b. Billing. C.C.S. shall deliver invoices to the Self-Insurer on a Quarterly basis requesting payment of Fees earned pursuant to this Agreement.

Section 2  
Administration of Reported Claims

- 2.1 Claims Administration. C.C.S. shall timely review all claims and loss reports made by the Self-Insurer to C.C.S. and process each Reported Claim in accordance with the Act, all rules and regulations promulgated pursuant to the Act, and all other applicable laws.
- 2.2 Investigation. C.C.S. shall conduct an investigation of a Reported Claim to the extent C.C.S. reasonably deems necessary in performance of its obligations. Such investigations may include the retaining of independent investigators, medical, or other experts to the extent reasonably deemed necessary by C.C.S., provided, however, that any and all cost and expenses incurred by C.C.S. shall be governed by the following:

Self-Insurer shall reimburse C.C.S. for the full amount of each "Authorized Expenditure". For the purpose of this Agreement, an "Authorized Expenditure" is any cost or expense incurred by C.C.S. pursuant to Section 2.2 hereof, subsequent to Self-Insurer's expressed or written consent.
- 2.3 Reserves. C.C.S. shall establish and maintain estimated reserve amounts for each Reported Claim.
- 2.4 Payment of Reported Claims. C.C.S. will pay all Reported Claims via use of a Checking Account System. Checking Account documents will be forwarded to the Self-Insurer the Check data will contain sufficient information so as to identify the Claim Number, Employee, Check Number, Payee, Amount Paid, Original Invoice Amount and applicable discounts.
- 2.5 Discretionary Settlement Authority Limit. Notwithstanding any provision to the contrary, without prior written or expressed consent of the Self-Insurer C.C.S. shall not make any settlement in connection with a Reported Claim in excess of Ten Thousand Dollars (\$10,000.00). This Discretionary Limit does not apply to the payment of Permanent Partial Disability Awards.
- 2.6 Reports to Self-Insurer. Within ten (10) business days after the end of each calendar month during the term of this Agreement, C.C.S. shall deliver to Self-Insurer statistical information which shall include, but shall not necessarily be limited to, the following:
  - a. The exact nature of the reporting will be determined from a meeting with the Self-Insurer, prior to inception of the Agreement.
- 2.7 Notice to Self-Insurer. C.C.S. shall immediately notify Self-Insurer of each Reported claim which does or may involve Self-Insurer's reinsurance carrier. C.C.S. will report said claim to the reinsurance carrier.

2.8 Rehabilitation. C.C.S. shall immediately notify Self-Insurer in the event that any Employee has been referred to rehabilitation or retraining. C.C.S. shall assist Self-Insurer in arranging for rehabilitation or retraining of Employees in appropriate cases, with any expenses associated with such rehabilitation or retraining to be borne solely by the Self-Insurer.

2.9 Subrogation. C.C.S. will pursue, on behalf of the Self-Insurer, recovery of expended funds which were caused to be paid by the negligence of a responsible third party.

2.10 Records. C.C.S. shall create a file for each Reported Claim and shall maintain such file until final resolution and for an additional five (5) years thereafter.

2.11 Inspection. During the term of this Agreement, upon reasonable prior notice by Self-Insurer, and during C.C.S. normal business hours, C.C.S. shall provide Self-Insurer or its designated representative access to, and the opportunity to copy, all files pertaining to any Reported Claim and any and all other documents and information within the possession or control of C.C.S. pertaining to any Reported Claim(s), this Agreement, or matters contemplated thereby.

### Section 3 Indemnification; Defense of C.C.S.

3.1 Indemnification of C.C.S. Self-Insurer agrees to indemnify and defend C.C.S. for acts taken by C.C.S. at the express instruction of the Self-Insurer which cause C.C.S. to become liable to any third party.

3.2 Indemnification of Self-Insurer. C.C.S. agrees to indemnify and defend Self-Insurer for acts taken by C.C.S. which cause Self-Insurer to become liable to a third party.

3.3 Assumption of Defense of C.C.S. Self-Insurer agrees to assume the defense of C.C.S. and/or its employees in any legal action filed in a court of competent jurisdiction against C.C.S. and/or its employees which seeks an award of damages pursuant to a Reported Claim and which does not allege any error, omission, tort, intentional tort, negligence or other breach of duty on part of C.C.S. and/or its employees, agents or representatives.

### Section 4 Term and Early Termination

4.1 Term. The term of this Agreement (the "Term") shall be for a period of three (3) years commencing on the date first above written. The Term of this Agreement may be negotiated for renewal for additional one-year periods thereafter. The pricing component of the Agreement is firm for a period of three (3) year.

4.2 Early Termination. This Agreement may be terminated by either party for any reason or for no reason upon ninety (90) days written notice. Ninety (90) day notice to City of Washington of material change in coverage.

4.3 Pending Reported Claims. If, upon the expiration or earlier termination of this Agreement, there are Reported Claims which have not reached a final resolution, at the option of the Self-Insurer, C.C.S. shall continue to perform its obligations under this agreement until each such Reported Claim has reached a final resolution, provided that Self-Insurer also performs its obligations pursuant to this Agreement during such time.

4.4 Return of Files. Upon the expiration or earlier termination of this Agreement, C.C.S. shall deliver to Self-Insurer all files created or maintained by C.C.S. pertaining to this Agreement, including all originals, copies and summaries.

### Section 5 Notices

All notices given or required to be given pursuant to this Agreement shall be delivered via first-class mail as follows:

If to C.C.S.:

Compensation Claims Solutions  
1287 Old Charlotte Road  
Concord, NC 28027  
Attention: Doug R. Doreen

If to City of Washington:

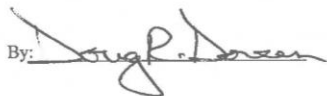
City of Washington  
102 East Second Street  
P.O. Box 1968  
Washington, North Carolina 27889  
Attention: Bill Lurvey

Section 6  
Miscellaneous

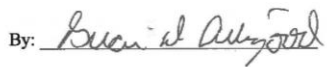
- 6.1 Unauthorized Practice of Law. The parties acknowledge that C.C.S. shall not perform, and Self-Insurer shall not request to perform, any act or service in connection with this Agreement which does or may constitute the unauthorized practice of law.
- 6.2 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remainder of this Agreement shall remain in full force and effect and shall in no way be invalidated, void or voidable.
- 6.3 Entire Agreement. This Agreement, and any appendices and exhibits hereto which are incorporated herein by reference, constitute the entire understanding between the parties with respect to the subject matter hereof. No modification of this Agreement shall be valid unless in writing and signed by each party to the Agreement.

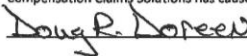
In Witness, the parties hereof have executed this Agreement as of the date first above written.

COMPENSATION CLAIMS SOLUTIONS

By: 


CITY OF WASHINGTON

By: 

IN WITNESS WHEREOF, after due authority given, the CITY OF WASHINGTON has caused this Agreement to be signed in its name by its Manager, and attested by its Clerk, and Compensation Claims Solutions has caused this Agreement to be signed in its name by , its C.O.O.

PRE-AUDIT CERTIFICATE

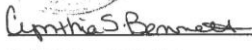
This Agreement has been pre-audited pursuant to North Carolina General Statute § 159-28 in the manner required by the Local Governmental Budget and Fiscal Control Act.

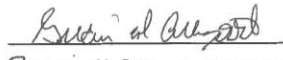
  
Matt Rauschenbach, Chief Financial Officer  
City of Washington

CITY OF WASHINGTON


By:



  
Cynthia S. Bennett, City Clerk

  
Brian M. Alligood, City Manager  
City of Washington

DATE: April 13, 2015

  
C.O.O., Acct. Manager

Compensation Claims Solutions

DATE: March 31, 2015

- D. **Adopt** – Resolution directing City Clerk to investigate a petition for a contiguous annexation request from Granville Lilly

**RESOLUTION DIRECTING THE CLERK TO INVESTIGATE A PETITION RECEIVED  
UNDER G.S. 160A-31**

**WHEREAS**, a petition requesting annexation of an area described in said petition was received on February 16, 2015 by the Washington City Council; and

**WHEREAS**, G.S. 160A-31 provides that the sufficiency of the petition shall be investigated by the City Clerk before further annexation proceedings may take place; and

**WHEREAS**, the City Council of the City of Washington deems it advisable to proceed in response to this request for annexation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Washington that:

The City Clerk is hereby directed to investigate the sufficiency of the above described petition and to certify as soon as possible to the City Council the result of her investigation.

**ATTEST:**

s/Cynthia S. Bennett  
City Clerk

s/Mac Hodges  
Mayor

Moved from Old Business Item B:    **APPROVE – USDA AGREEMENT FOR GOOSE  
MANAGEMENT**

City Manager, Brian Alligood provided a summary of the background and findings leading up to the request. There are a large number of geese in and around the Jack’s Creek area including Veterans’ Park and Havens Garden. The amount of fecal matter left by the geese is creating a public health risk and the geese are also causing property damage to grass and erosion of pond/drainage ditch banks. For the past year the City has been employing harassment efforts to minimize the number of geese in the area. This has been done by using a trained dog to run the geese. No feeding signs have been installed, egg oiling will occur and additional environmental methods such as planting of specific vegetation along the banks to deter the geese is being investigated. The City has worked with the USDA to develop these integrated management solutions and has received a depredation permit from the United States Fish and Wildlife Service (USFWS) to lethally take up to 50 geese as part of the overall efforts to reinforce and improve harassment efforts. The USDA will conduct the lethal take operations under the attached Cooperative Service Agreement in an amount not to exceed \$3,282.00. Funds exist in the current budget for this action. Ms. Emily Gaydos, District Supervisor for USDA APHIS WS, is here tonight to answer any technical questions the Council may have.

Ms. Gaydos explained that relocation of the geese is not an option in North Carolina. Mr. Alligood explained that the domesticated geese act as decoys and draw in the Canada geese. Carolina Waterfowl Conservation Group has been in communication with Mr. Alligood and they have expressed interest in removing and relocating the domesticated white geese. Mr. Alligood referred again to the integrated management plan offered by USDA. Discussion continued regarding the possible alternatives to managing the geese population as well as the problems caused by the geese at Jack’s Creek.

Mayor Hodges accepted comments from the public regarding this item. It was noted that comments would need to be placed on hold at 6:00pm in order to conduct the scheduled public hearings. Discussion continued after the public hearings and subsequently a motion was made by City Council regarding the USDA agreement.

The following individuals signed up to speak and all spoke in opposition to the proposed USDA Agreement for Goose Management:

<i>David Gossett</i>	<i>Derik Davis</i>	<i>Michael Hall</i>	<i>James Hardison</i>
<i>Kay Evans</i>	<i>Ray Midgett</i>	<i>Richard Young</i>	<i>Karen Kutchera</i>
<i>W.T. Roberson</i>	<i>C. Conoly Blake</i>	<i>Attila Nemecz</i>	<i>Paulette Snow</i>
<i>MJ Carbo</i>	<i>Monica Ferrari</i>	<i>Teisha Scannell</i>	<i>Doug Wright</i>

By motion of Councilman Mercer, seconded by Councilman Pitt, Council voted not to adopt the USDA agreement, leave the goose population the way it is and continue to monitor (the geese) and pursue our current program (harassment).

**COMMENTS FROM THE PUBLIC:**

Susan Zachary spoke about the greenway and Bug House Park. She suggested making the Bug House Park a possible raised bed community garden.

**PUBLIC HEARING – ZONING:**

**ADOPT – RESOLUTION TO CONSIDER A ZONING CHANGE CONSISTING OF 3.47  
ACRES OF VACANT PROPERTY LOCATED ON WEST 15<sup>TH</sup> STREET**

Mayor Hodges opened the public hearing. John Rodman, Community & Cultural Services Director provided background for the rezoning request. A request has been made by Mr. D. Granville Lilley to rezone 3.47 acres of property located on West 15th Street adjacent to Washington Fire Station #2. The property is currently zoned RA-20 (Residential Agricultural) and the request is to rezone the property to B-2 (General Business). The Planning Board determined that the rezoning was consistent



with the Comprehensive Plan and any plans that the City may have for that area. The Planning Board voted unanimously to recommend to City Council to approve the rezoning.

Granville Lilley explained he is trying to have the property “blend in” with adjacent properties.

There being no further comments from the public, Mayor Hodges closed the public hearing..

Mayor Pro tem Roberson inquired if the rezoning request is in compliance with the Comprehensive Plan. Mr. Rodman explained the request is consistent with the Comprehensive Plan and no one spoke in opposition to the request.

By motion of Councilman Pitt, seconded by Councilman Beeman, Council accepted the recommendation of the Planning Board and adopted the resolution to approve the rezoning of the property located on West 15<sup>th</sup> Street, owned by Mr. Granville Lilley and containing 3.47 acres, from RA-20 (Residential Agricultural) to B-2 (General Business).

**RESOLUTION OF THE CITY OF WASHINGTON ADOPTING THE PLAN CONSISTENCY REVIEW STATEMENT FOR A PROPOSED ZONING MAP AMENDMENT**

**WHEREAS**, the City of Washington received a request to rezone property from RA-20 (Residential Agricultural) to B-2 (General Business) specifically identified as Beaufort County Parcel Identification Number 5676-27-5637 (See Attachment A);

**WHEREAS**, effective January 1, 2006, North Carolina General Statute 160A-383 requires that “prior to adopting or rejecting any zoning amendment” each local governing board “shall adopt a statement describing whether its action is consistent with an adopted comprehensive plan and explaining why the board considers the action taken to be reasonable and in the public interest”;

**WHEREAS**, this zoning request was duly advertised and was the subject of a public hearing by the Council of the City of Washington on April 13, 2015:

**WHEREAS**, the Council for the City of Washington has considered the application to amend the Zoning Map, has reviewed the “Findings of Fact”, and finds that the amendment is warranted, in order to achieve the purposes of the Comprehensive Plan and the CAMA Land Use Plan;

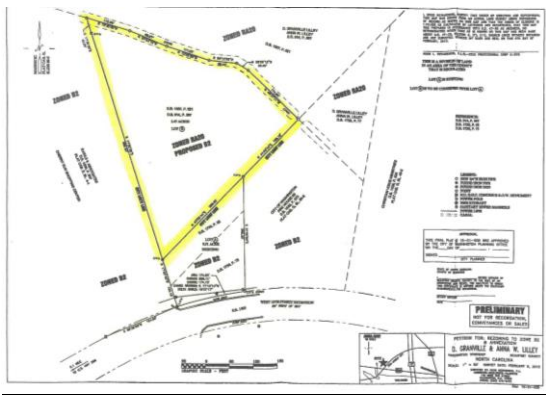
**NOW, THEREFORE, BE IT RESOLVED BY THE WASHINGTON CITY COUNCIL THAT**, the Plan Consistency Review Statement presented by the Planning Board be adopted and as a result, the adoption of the proposed rezoning of the subject parcel be approved.

Adopted this 13<sup>th</sup> day of April 2015.

**ATTEST:**

s/Cynthia S. Bennett  
City Clerk

s/Jay MacDonald Hodges  
Mayor



**ADOPT – RESOLUTION TO CONSIDER A ZONING CHANGE CONSISTING OF 6.00 ACRES OF VACANT PROPERTY LOCATED ON WHISPERING PINES ROAD**

Mayor Hodges opened the public hearing. John Rodman, Community & Cultural Services Director provided background for the rezoning request. A request has been made by Rea Ventures Group, LLC to rezone 6.00 acres of property located on Whispering Pines Road and adjacent to New

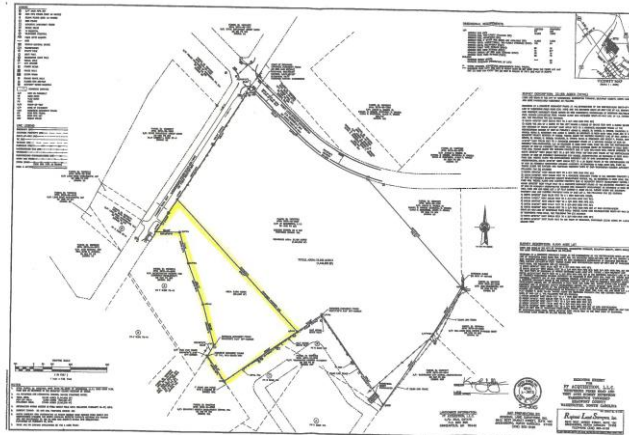


Sunrise Apartments. The property is currently zoned B-3 (Shopping Center) and the request is to rezone the property to O&I (Office & Institutional). The Planning Board determined that the rezoning was consistent with the Comprehensive Plan and any plans that the City may have for that area. The Planning Board voted unanimously to recommend to City Council to approve the rezoning.

Sean Brady, Rea Ventures Group spoke in favor of the rezoning request. He is requesting to extend the O&I zoning classification to the remaining 6.00 acres of the property as part of the property is already zoned O&I.

There being no further comments from the public, Mayor Hodges closed the public hearing.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council accepted the recommendation of the Planning Board and adopted the resolution to approve the rezoning of the property located on Whispering Pines Road, requested by Rea Ventures Group and containing 6:00 acres, from B-3 (Shopping Center) to O&I (Office & Institutional).



**RESOLUTION OF THE CITY OF WASHINGTON ADOPTING THE PLAN CONSISTENCY  
REVIEW STATEMENT FOR A PROPOSED ZONING MAP AMENDMENT**

**WHEREAS**, the City of Washington received a request to rezone property from B-3 (Shopping Center) to O&I (Office & Institutional) specifically identified as Beaufort County Parcel Identification Number 5676-45-3237 (See Attachment A);

**WHEREAS**, effective January 1, 2006, North Carolina General Statute 160A-383 requires that “prior to adopting or rejecting any zoning amendment” each local governing board “shall adopt a statement describing whether its action is consistent with an adopted comprehensive plan and explaining why the board considers the action taken to be reasonable and in the public interest”;

**WHEREAS**, this zoning request was duly advertised and was the subject of a public hearing by the Council of the City of Washington on April 13, 2015:

**WHEREAS**, the Council for the City of Washington has considered the application to amend the Zoning Map, has reviewed the “Findings of Fact”, and finds that the amendment is warranted, in order to achieve the purposes of the Comprehensive Plan and the CAMA Land Use Plan;

**NOW, THEREFORE, BE IT RESOLVED BY THE WASHINGTON CITY COUNCIL THAT**, the Plan Consistency Review Statement presented by the Planning Board be adopted and as a result, the adoption of the proposed rezoning of the subject parcel be approved.

Adopted this 13<sup>th</sup> day of April 2015.

**ATTEST:**

**s/Cynthia S. Bennett  
City Clerk**

**s/Jay MacDonald Hodges  
Mayor**

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**PUBLIC HEARING – OTHER:**  
**ADOPT/AWARD – ORDINANCE TO CONDEMN AS UNSAFE THE STRUCTURE**  
**LOCATED AT 620 WASHINGTON STREET AND AWARD THE DEMOLITION**  
**CONTRACT**

Mayor Hodges opened the public hearing. John Rodman, Community & Cultural Services Director provided background for the request. The governing body of the City may adopt and enforce ordinances relating to residential buildings or structures that fail to meet minimum standards of maintenance, sanitation, and safety. The minimum standards address conditions that are dangerous and injurious to public health, safety and welfare and identify circumstances under which a public necessity exists for the repair, closing or demolition of such buildings or structures. If after a notice and hearing the Code Official determines that the property has not been properly maintained and failed to meet minimum standards an order is issued to require the owner to demolish and remove the building or structure. Mr. Rodman explained that one of the heirs of the property (Ms. Ada Roberson) did attend all hearings and responded to the request from the City. Ms. Roberson and the other heirs sent a letter to the City granting permission to demolish the house as they could not make the necessary repairs.

**PREVIOUS LEGISLATIVE ACTION**

Complaint: 12/11/13, 12/2/14

Notice of Hearing: 12/16/13, 12/2/14

Hearing: 12/30/13, 12/17/14

Order to Demolish: 12/29/14

Time expired: 2/27/15

Notice of Council hearing: 4/2/15

**Bids Submitted:**

Tyler Williams \$3,000

Dudley Landscaping \$3,600

St. Clair Trucking, Inc. \$4,000

If the structure is removed or demolished by the City, the City shall sell the usable materials of the building. The amounts incurred by the City in connection with the demolition shall be a lien against the real property upon which the cost was incurred.

Mayor Pro tem Roberson asked Stacy Drakeford if there were any other houses in this general vicinity that has been a problem with vagrants. Mr. Drakeford said no sir, not that we've received any complaints about.

There were no comments from the public, Mayor Hodges closed the public hearing.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council adopted the ordinance condemning the structure located at 620 Washington Street as unsafe and demolish and remove the structure and awarded the demolition contract to the lowest responsible bidder, Tyler Williams in the amount of three thousand dollars (\$3,000).

**AN ORDINANCE FINDING THAT THE BUILDING DESCRIBED HEREIN IN THE CITY OF  
WASHINGTON IS CONDEMNED AS UNSAFE AND DIRECTING THAT IT BE  
DEMOLISHED**

**WHEREAS**, the City Council of the City of Washington finds that the structure having an address of 620 Washington Street, Washington, North Carolina and being owned by Ada M. Paige Roberson, John H. Paige Williams, Jr. (a/k/a John H. Paige), Vinester Paige Smith Williams Floyd (a/k/a Vonester Paige), Carrie B. Smith Moore (a/k/a Carrie B. Smith), Dorothy L. Smith Gibbs (a/k/a Dorothy L. Smith), James H. Smith, Zeno Paige (a/k/a Zeno Smith), Clarence E. Smith, Edward J. Smith, and William A. Smith, Jr.; the above referenced individuals' spouses, if any; and/or the unknown heirs, if any, of Zeno Paige (a/k/a Zeno Smith), Clarence E. Smith, Edward J. Smith, and William A. Smith, Jr. is condemned as, among other things, unsafe pursuant to North Carolina General Statute § 160A-426 and that all applicable statutory provisions have been complied with as a condition of the adoption of this Ordinance.

**WHEREAS**, the structure located on said property should be demolished and removed as directed by the Senior Building Official for, among other things, the reasons stated by the Senior Building Official in his December 29, 2014 Order to Remedy Defective Condition and Findings of Fact that was served on the property owner(s).

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**WHEREAS**, the owner(s) of the structure have been given a reasonable opportunity to bring the structure into compliance with the applicable standards of the City Code as well as State statute in accordance with North Carolina General Statute § 160A-426 as well as pursuant to the Order issued by the Senior Building Official in said Notice of Decision.

**WHEREAS**, said owner (s) have failed to comply with said Order.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Washington as follows.

**Section 1.** The Senior Building Official is hereby authorized and directed to proceed to demolish and remove the above described structure located at 620 Washington Street in accordance with applicable provisions of the City Code and North Carolina General Statute § 160A-426 *et seq.*

**Section 2.** The cost of the demolition and removal of the structure shall constitute a lien against the real property upon which the cost was incurred as provided in North Carolina General Statute § 160A-432.

**Section 3.** This Ordinance shall be recorded in the Office of the Register of Deeds of Beaufort County, North Carolina.

This Ordinance shall become effective on this date of adoption April 13, 2015.

s/Cynthia S. Bennett  
City Clerk

s/Jay MacDonald Hodges  
Mayor

**ACCEPT/AWARD – ACCEPT THE RECOMMENDATION OF THE PLANNING BOARD  
AND ADOPT AN ORDINANCE TO AMEND CHAPTER 40, SECTION 40-263,  
PROVISIONS FOR FLOOD HAZARD REDUCTION, OF THE CODE OF ORDINANCES  
OF THE CITY OF WASHINGTON**

Mayor Hodges opened the public hearing. John Rodman, Community & Cultural Services Director provided background for the request. A request was made by Mr. David Smith, NC Building Code Council, to amend the 2012 NC Building Code by removing the plus one foot addition to the Base Flood Elevation regarding flood elevation design requirements. The Planning Board voted unanimously to recommend to City Council to amend the City's Zoning Ordinance to reflect the changes approved by the NC State Building Code Council. This will not affect our CRS rating. Mr. Rodman said our text currently reads “ plus one (1) foot or the design flood elevation, whichever is higher” and the request is to remove that statement. Councilman Mercer said the ordinance should be consistent the State building code and just remove the following language “plus one (1) foot”.

There being no comments from the public, Mayor Hodges closed the public hearing.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council accepted the recommendation of the Planning Board and adopted the Ordinance to amend Chapter 40, Article X, Flood Damage Prevention, Section 40-263, Provisions for flood hazard reduction, by removing the following text “plus one (1) foot”.

**An Ordinance to Amend Chapter 40, Zoning, Article X. Flood Damage Prevention  
Section 40-263 (b), of the Washington City Code**

WHEREAS, NCGS 160A-385 authorizes local governments to amend ordinances regulating land use within their jurisdiction; and

WHEREAS, the amendment set out below is made in accordance with NCGS 160A-364; and

WHEREAS, the amendment set out below is intended to promote the public health, safety, and welfare by amending the City Code to amend the Flood Damage Prevention Ordinance and to reflect new data for its use.

**THEREFORE, BE IT ORDAINED** by the City Council of the City of Washington, North Carolina:

Section 1. That **Chapter 40. Article X, Section 40-263, Provisions for Flood Management, (b)**, be amended as follows:

**Sec. 40-263. Provisions for flood hazard reduction.**

(b) Specific Standards. In all Special Flood Hazard Areas where Base Flood Elevation (BFE) data has been provided, as set forth in Section 40-261(b), or Section 40-262(c)(11) and (12), the following provisions are required:

- (1) Residential Construction. New construction or substantial improvement of any residential structure (including manufactured homes) shall have the reference level, including basement, elevated no lower than the regulatory flood protection elevation ~~plus one (1) foot~~ or the design flood elevation, whichever is higher.
- (2) Non-Residential Construction. New construction or substantial improvement of any commercial, industrial, or other non-residential structure shall have the reference level, including basement, elevated no lower than the regulatory flood protection elevation ~~plus one (1) foot~~ or the design flood elevation, whichever is higher.

Section 2. This Ordinance shall become effective April 14, 2015.

Section 3. All Ordinances or parts in conflict herein are repealed.

Adopted this 13<sup>th</sup> day of April, 2015.

**ATTEST:**

s/Cynthia S. Bennett  
City Clerk

s/Jay MacDonald Hodges  
Mayor

**SCHEDULED PUBLIC APPEARANCES: NONE**

**CORRESPONDENCE AND SPECIAL REPORTS:**  
**MEMO – BUG HOUSE PARK TENNIS COURTS**

Councilmembers asked if the courts are removed where will people play tennis and what will be done with the property, they also asked about possible solutions and alternate locations. Mr. Alligood noted staff is seeking Council's direction and revisited the possible partnership with Washington High School that was discussed last year. At that time, Council was opposed to a partnership with Washington High School due to the limited availability of the courts. Discussion was held regarding the wall that the kids used to hit tennis balls against. Mr. Alligood reviewed the cost estimates for resurfacing the courts and noted the courts either need to be fixed or the area needs to be cleaned up and staff is seeking direction from Council. Several Councilmembers suggested repairing the current courts until an alternate location can be established while another suggested constructing new courts at the sports complex. Mr. Alligood explained that currently tennis courts are on the Parks and Recreation Master Plan, but Council can recommend that they be pushed up to a higher level of importance in the plan.

By consensus, Council directed staff to seek out 1-2 additional evaluations of the current tennis courts at Bug House Park. This information should be forwarded to the Recreation Advisory Board for a recommendation to Council or the information can be submitted directly to Council. At that time, Council can determine the next step, either resurface/overlay the current Bug House courts or determine an alternate location.

*Memo from Kristi Roberson, Park & Recreation Manager*

Outer Banks Tennis Contractors LLC., has inspected the Bug House Tennis Courts. It is the recommendation of the contractor, that future plans to enhance these tennis courts, is not recommended.

**RESURFACING;**

- a) These courts are prone to periodic flooding. Finances spent to resurface the courts would not repair the courts in a manner to KEEP them safe and playable. \$11,000.00\*

**OVERLAY;**

- a. An asphalt overlay is also not recommended being the existing surface and base has major structural cracking. A new surface is only as good as what is under it. \$30,100.00\*

**REMOVE;**

- a. It is in the City's best interest to remove all existing fencing, lighting, and court surface, and place elsewhere. \$6,500.00\*

**RELOCATE;**

- a. It is in the City's best interest to relocate the existing battery of two tennis courts to a higher elevation at Bug House Park, or another favorable location. \$58,000.00\* (includes All Black vinyl Fencing)

\*denotes ballpark prices

Outer Banks Tennis Contractors LLC., would be happy to assist the City, and provide a formal bid for any future projects. John J. McCann Jr. North Carolina General Contractors License #67990

**MEMO – KAYAK LAUNCH**

*(memo accepted as presented) Kristi Roberson, Park & Recreation Manager*

The Washington Beaufort County Chamber of Commerce Foundation will be applying for funding through the Jonathan Havens Charitable Trust to add a kayak launch to the Havens Gardens Boat Launch area. The City had previously applied for funding for a similar project through the Adopt a Trials grant program. The City was awarded the grant, however funds were no longer made available through the program to complete the awarded projects. The Chamber Foundation is working closely with the Parks and Recreation Department, as well as the same organizations that were present during the Adopt a Trail grant cycle.

**MEMO – BELL OF WASHINGTON DOCKAGE**

*(memo accepted as presented) Rick Brass, Dock Master*

The Belle of Washington is once again requesting to continue their relationship with the City of Washington for docking at the Waterfront Docks. They are not requesting any changes in the agreement.

Communications about activities aboard the Belle continues to improve every year. Tammy Swanner personally manages the notifications and the Waterfront Docks receives reminders from the Captain when cruises are scheduled. This notification is very beneficial to city staff and event planners alike.

Each year The Belle of Washington's activities around the park are better managed than the year before, with fewer instances of conflicts with park policies.

Pump outs at Dock "A" were scheduled and managed well with few, if any, conflicts or interruptions to daily operations of the Waterfront Docks or the Belle of Washington.

The new docking agreement will cover the period of March 27, 2015 – March 26, 2016.

**MEMO – SEATOW OBX DOCKAGE**

*(memo accepted as presented) Rick Brass, Dock Master*

SeaTow OBX (formerly SeaTow Pamlico), dba Inland Enterprises, LLC will again execute a Waterfront Docking agreement with the City of Washington.

During the past year SeaTow OBX has been an invaluable resource to the Waterfront Docks Division, giving advice and assistance to the staff and boaters alike. Dock Attendants have requested logs to be removed from the dock on an average of once per month via work order and other times while Larry Williams, Owner, was on site.

In addition to the usual assistance SeaTow OBX also:

1. Assisted with design on No Wake and location. This year he will install the 2<sup>nd</sup> of the two required No Wake Buoys.
2. Installed the life jacket loaner stand which has been a big hit amongst the boaters. An updated stand has been installed this year.
3. Provides the Auto Radio Check system and improved our range and signal strength in 2014.

The new docking agreement will be for the period of April 1, 2015 – March 31, 2016.

**REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES:**  
**HUMAN RELATIONS COUNCIL - *(report accepted as presented)***

**Human Relations Council (HRC) report for the month of March  
Monday April 13, 2015 City Council Meeting**

**MISSION STATEMENT**

- To promote social and economic equality in the community, working with Local Government and other resources
- To appreciate the cultural and ethnic diversity of the citizens of Washington and Beaufort County
- To encourage citizens to live and work together in harmony and mutual respect

**SCHEDULED PUBLIC APPEARANCES:**

**Mr. Larry McDaniel, Mother of Mercy Catholic Church:**

Mr. McDaniel briefed the Board on the history of Mother of Mercy Catholic Church referencing the book he had prepared over the course of his year study. Also, he reviewed the event that Mother of Mercy Church will be sponsoring on Sunday, March 22, 2015 from 3-5 pm ~ celebrating 186 years.

**Table of Contents provided in book:**

- Timeline 1807-2010
- Interviews
- 175<sup>th</sup> Anniversary
- Donnelly History, 11-25-81
- Father Moeslein –
  - “Memories of Mother of Mercy,” 1942
- Washington Daily News
- Ordinances
- Military Records
- Ancillary Documents
- Notes/Definitions
- Graves Registration
- Historic District Nomination Form
- St. Martin De Porres
- The De Porres, 1955
- Photographs

**OLD BUSINESS:**

**Discussion – Ed Peed Commemoration Service:** Chairman Hughes suggested the event was successful and thanked Councilman Pitt for the representation of five (5) Fire Departments not inclusive of the Washington Police & Fire Services. Also, Chairman Hughes thanked Councilman Pitt for acquiring such a great speaker. Appreciation was offered to Board members that were able to participate as well. He voiced the Human Relations Council had been fortunate in receiving contributions toward this event especially from Zaxbys’s, Acre Station, and cash donations from Board members.

Board member O’Pharrow acknowledged former Board member Alice Moore for spearheading this event. Her endeavors brought recognition to Mr. Peed and she began working with Washington Fire Department to organize an event in honor of Mr. Peed.

**Update – Spring Symposium – Board member Recko:** Board member Recko provided the following updates regarding the Spring Symposium:

- Beaufort County Coalition met at Eagle’s Wings on January 27<sup>th</sup> at noon
- Potential dates discussed during the Coalition meeting were June 18<sup>th</sup> or 25<sup>th</sup>
- The venue will be Beaufort County Community College ~ Building 10
- Length of meeting 4 – 6 hours
- Next scheduled meeting Wednesday, March 27 and a date for the Spring Symposium should be finalized at that meeting



- Schedule a strategic planning meeting on Wednesday, April 1 following the Wednesday, March 27 meeting

**Spring Symposium Overview:**

- Board of Realtors
- Overall Housing Market in Beaufort County
- Banking Overview
- Fair Housing Component (possibly)
- Affordable Housing (low-moderate income families)
- Homeless Veterans Housing in Beaufort County

**NEW BUSINESS:**

**Discussion – Application received from Stephanie Jones Wilson:** Chairman Hughes reviewed the application.

By motion of Board member Howard, seconded by Vice-chair St. Clair, the Board recommended Ms. Stephanie Jones Wilson be appointed to the Human Relations Council. Staff was directed to submit Ms. Wilson’s name to City Council with a recommendation for appointment at the March 23, 2015 Council meeting.

**Discussion – Resignation emailed received from Board member Keisha Jennette:** Chairman Hughes reviewed and Board members expressed their regrets over losing Ms. Jennette as a member of the HRC.

**OTHER BUSINESS:**

**FYI** – All FYI items and reminders were discussed inclusive of the January 11, and February 21, 2015 report & summation submitted to City Council, and the financial report ~ detailing cost incurred for the Ed Peed’s Commemoration event. Chairman Hughes encouraged Board members to seek applicants for the members whose terms expire June 30, 2015 on the Human Relations Council.

**APPOINTMENTS: NONE**

**OLD BUSINESS:**

**APPROVE – CONTRACT WITH DAVEY TREE EXPERT SERVICE FOR THE REMAINING PORTION OF THE FY 2014-15 AND A CONTRACT FOR FY 2015-16**

Brian Alligood explained in October of 2014 due to safety, performance and personnel management concerns the City replaced Asplundh Tree Expert Company with Davey Tree Expert Company for right-of-way maintenance on the City’s electric system.

Staff recommends that we continue our right-of-way maintenance service with Davey Tree Expert Company. This recommendation is based on the current experience on the City’s electric System with Davey Tree Expert Service, our past poor experience with Asplundh, and that Carolina Tree cannot supply the 65 foot aerial device that is needed to reach our right-of-way overhangs. Mr. Alligood stated that the purchase order for the work in fiscal year 2015-16 will be presented to City Council for approval at the beginning of new fiscal year.

Councilman Mercer suggested that the contract for FY15-16 should be delayed until Council holds their budget workshops.

Description	Asplundh	Carolina Tree	Davey Tree
Working Foreman	\$29.85	\$34.15	\$35.19
Climber	\$26.91	\$29.39	\$31.28
Groundman	\$23.02	\$21.96	\$23.46
65 foot Aerial Device	\$41.09	N/A	\$29.63
Chipper	\$6.80	\$7.12	\$4.51
Estimated Annual Cost	\$265,553	Non Responsive *	\$258,066
* Carolina Tree is not able to supply the 65 foot aerial device			

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council approved a contract with Davey Tree Expert Service for the remaining portion of the FY 2014-15 in the amount of \$65,000.

**APPROVE – RACHEL J. MIDGETTE DEED RELEASE**

Mr. Alligood explained that on August 27, 2014, the City Council conveyed, through an upset bid process, the property commonly referred to as “Old City Hall” to Rachel J. Midgette. The special warranty deed conveying the property and recorded in Deed Book 1852, Page 888 of the Beaufort County Registry contains certain deed restrictions as agreed upon by the parties. Upon completing of the rehabilitation of the property and the issuance of a Certificate of Occupancy, the deed required the parties to terminate certain agreed upon restrictions as outlined in the deed. Mr. Alligood stated the rehabilitation of the property has been completed and a Certificate of Occupancy has been issued.

By motion of Councilman Mercer, seconded by Councilman Beeman, Council approved the “Agreement to Extinguish and Terminate Deed Restriction” regarding the property, commonly referred to as “Old City Hall”, conveyed to Rachel J. Midgette through an upset bid process on August 27, 2014.

BK 1869PG613

FOR REGISTRATION REGISTER OF DEEDS  
Jennifer Leggett Whitehurst  
Beaufort County, NC  
April 15, 2015 11:30:55 AM  
Book 1869 Page 613-615  
FEE: \$26.00  
INSTRUMENT # 2015001720



PREPARED BY AND RETURN TO:  
RODMAN, HOLSCHER, PECK & EDWARDS, P. A.  
Attorneys at Law  
320 North Market Street  
Post Office Box 1747  
Washington, NC 27889  
Telephone: (252) 946-3122

**STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT**

THIS AGREEMENT TO EXTINGUISH AND TERMINATE DEED RESTRICTIONS is made and entered into this the 13<sup>th</sup> day of April, 2015, by the CITY OF WASHINGTON ("City"), a municipal corporation of the State of North Carolina, whose address is P.O. Box 1988, Washington, North Carolina 27889, and RACHEL J. MIDGETTE ("Midgette"), whose address is 322 Post Road, Bath, North Carolina 27808.

**RECITALS**

WHEREAS, on August 27, 2014, the City conveyed to Midgette (may be collectively referred to as "parties") that certain property more particularly described in that deed recorded in Deed Book 1852, Page 888 of the Beaufort County Registry.

WHEREAS, said deed contains certain terms, provisions, conditions, covenants, and requirements ("Deed Restrictions") agreed upon by the parties concerning said property.

WHEREAS, upon completion of the Rehabilitation and the issuance of a Certificate of Occupancy as more particularly defined and described therein, said deed required the parties to enter, execute, and record in the Beaufort County Registry a written agreement to extinguish and terminate the Deed Restrictions of subsection a and subsections c-n (excepting subsection b) of Section 3, including but not limited to the option to repurchase and first right of refusal described therein.

WHEREAS, said Rehabilitation has been completed and said Certificate of Occupancy has been issued.

**WITNESSETH**

NOW, THEREFORE, the parties, and the City, do hereby extinguish and terminate the Deed Restrictions of subsection a and subsections c-n (excepting subsection b) of Section 3 of said deed, including but not limited to the option to repurchase and first right of refusal described therein.

BK1869PG614

IN WITNESS WHEREOF, the CITY OF WASHINGTON, a municipal corporation, has caused this instrument to be executed in its name by its Mayor, attested by its City Clerk, and affixed with its corporate seal, all by proper corporate authority duly given, and RACHEL J. MIDGETTE, intending to be legally bound hereby, has caused this instrument to be executed this the day and year first above written.



CITY OF WASHINGTON

By:

Jay Macdonald Hodges (SEAL)  
JAY MACDONALD HODGES, Mayor

Rachel J. Midgette (SEAL)  
RACHEL J. MIDGETTE

STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT

I, Reatha B. Johnson, a Notary Public of the State and County aforesaid, certify that CYNTHIA S. BENNETT personally appeared before me this day and acknowledged that she is the City Clerk of the CITY OF WASHINGTON, a North Carolina municipal corporation, and as the act of the corporation, the foregoing instrument was signed in its name by JAY MACDONALD HODGES, its Mayor, sealed with its corporate seal and attested by herself as its City Clerk.

Witness my hand and official seal, this the 13 day of April, 2015.

Reatha B. Johnson  
NOTARY PUBLIC

My Commission Expires: 12/14/2019



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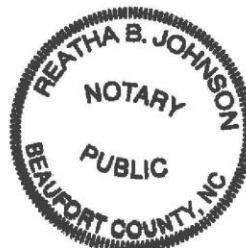
STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT

I, the undersigned Notary Public of the County and State aforesaid, do hereby certify that RACHEL J. MIDGETTE personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes and intents therein expressed.

Witness my hand and official seal, this the 15 day of April, 2015.

Reatha B. Johnson  
NOTARY PUBLIC

My Commission Expires: 12/14/2019



**APPROVE/AUTHORIZE – THE MAYOR TO EXECUTE A GUARANTY AGREEMENT  
WITH WASHINGTON HOUSING AUTHORITY AND THE RELEASE FROM DEED OF  
TRUST FOR LOTS 30, 31, 63, AND 82 IN THE NORTHGATE SUBDIVISION**

Mr. Alligood explained that the Legally Binding Commitment and Promissory note for the CDBG 09-C-2050 affordable housing grant is with Washington Housing Inc. and a Guaranty Agreement with Washington Housing Authority solidifies the City's position should a claw back condition arise as the grant is set to expire September 30, 2015. Four homes remain in the satisfaction of the grant commitment with closing anticipated on one of these homes within the next 30 days. The deed releases will be tendered by the City attorney to WHI upon staffs receipt of LMI qualification and \$6,000/lot deposit in the City's attorney's trust account.

Mr. Alligood explained that the documents will not be fully executed and released until the necessary documentation has been provided to Matt Rauschenbach and Franz Holscher.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council approved and authorized the Mayor to execute a Guaranty Agreement with the Washington Housing Authority and the Release from Deed of Trust for Lots 30, 31, 63, and 82 in the Northgate Subdivision in support of the Washington Housing Inc. CDBG grant.

Mayor Pro tem Roberson requested representation from the Housing Authority when there is another request like this.

**GUARANTY AGREEMENT**

**THIS GUARANTY AGREEMENT**, is made this 6<sup>th</sup> day of April, 2015 (the "Guaranty"), is given by the **WASHINGTON HOUSING AUTHORITY**, a public body and a body corporate and politic existing under the laws of the State of North Carolina (the "Guarantor"), to the **CITY OF WASHINGTON**, a municipal corporation existing under the laws of the State of North Carolina (the "Lender"), for the purpose of guaranteeing the indebtedness and obligations of **WASHINGTON HOUSING NONPROFIT, INC. d/b/a WASHINGTON HOUSING INCORPORATED**, a nonprofit corporation existing under the laws of the State of North Carolina (the "Borrower").

**WITNESSETH**

**WHEREAS**, Lender received a Community Development Block Grant-Housing Development (hereinafter referred to as "Grant") in the amount of \$227,700.00 from the North Carolina Department of Commerce, Division of Community Assistance (hereinafter referred to as "CA"). The purpose of the Grant is to provide funds for acquisition, development, construction, and conveyance of thirteen (13) stick built homes specifically for and to low to moderate income individuals and/or households (hereinafter referred to as "LMI") within the time period allowed by the Grant and/or CA, which Grant, as modified, amended, and extended, is incorporated herein by reference as if fully set forth.

**WHEREAS**, Lender has made a loan (the "Loan") of up to \$227,700.00 to Borrower pursuant to the terms and conditions of a Promissory Note dated April 5, 2011 in the original amount of \$227,700.00 (the "Lender Note"), which Lender Note is incorporated herein by reference as if fully set forth, and entered into a Legally Binding Commitment (hereinafter referred to as "LBC") with Borrower dated November 18, 2010 to secure Borrower's performance of certain obligations, including but not limited to compliance with the terms of the Grant, which LBC is incorporated herein by reference as if fully set forth. Said Loan is secured by a first lien Deed of Trust (the "Lender Deed of Trust") dated April 7, 2011 that encumbers the real property (lots) that have been purchased by Borrower with Grant funds and is recorded in Deed Book 1749, Page 675 of the Beaufort County Registry, which Lender Deed of Trust is incorporated herein by reference as if fully set forth.

**WHEREAS**, Borrower and Lender have received certain modifications and extensions of the Grant. Among other things, CA 1) capped Grant related expenditures at \$185,718.62; 2) de-obligated the balance of the Grant funds; 3) reduced the required number of housing units to be constructed, conveyed and occupied by LMI from 13 to 10; 4) extended the performance extension deadline of the Grant to September 30, 2015; and 5) required and/or will require, in the event of non-performance of the Grant, Lender to reimburse to the Department of Commerce \$18,572.00 per housing unit not constructed, conveyed, and occupied by LMI on or before September 30, 2015.

**WHEREAS**, Lender anticipates CA will accept six previous conveyances made by Borrower as qualifying conveyances under the Grant which should avoid \$111,432.00 in

potential reimbursement by Lender to CA. If said six previous conveyances are accepted as qualifying conveyances by CA, Lender's potential reimbursement to CA under the Grant should be reduced to \$74,288.00. In addition, Borrower has deposited \$24,000.00 of the proceeds from some of the aforementioned previous conveyances with Lender's counsel, which further reduces Lender's "unfunded" potential reimbursement to CA to \$50,288.00.

**WHEREAS**, Borrower intends to convey four additional lots that were purchased by Borrower with Grant funds to LMI before September 30, 2015; however, due to certain financing and lending constraints, homes will not be constructed on those four lots until after those four lots are conveyed by Borrower to the respective LMI. Therefore, it is uncertain, and beyond Lender's control, whether homes will be constructed on those four lots by September 30, 2015. If homes are not constructed on those four lots by September 30, 2015, CA may not accept the conveyances of those four lots, or any one of them, as qualifying conveyances under the terms of the Grant, resulting in Lender being responsible for reimbursement to CA of up to \$74,288.00 as more specifically described hereinabove.

**WHEREAS**, Lender's only security for, and source to fund, any such reimbursement that may be required by CA is the remaining four lots that were purchased by Borrower with Grant funds and secured by the Lender Deed of Trust. For this reason, Lender is reluctant to release the aforementioned four lots from the Lender Deed of Trust.

**WHEREAS**, Borrower will need a release from Lender's Deed of Trust prior to conveying any of said remaining four lots to LMI.

**WHEREAS**, as of the date hereof, Borrower is a wholly owned subsidiary of Guarantor and/or Guarantor, directly or indirectly, has an ownership or management interest in Borrower.

**WHEREAS**, without this Guaranty, Lender would be unwilling to continue said Loan or release the aforementioned four lots from Lender's Deed of Trust.

**WHEREAS**, because of the direct benefit to Guarantor from the Loan to Borrower and said releases from Lender, Guarantor has agreed to guarantee to Lender the indebtedness and obligations of Borrower as more specifically set forth herein.

**WHEREAS**, all of the definitions used in the Grant, Lender Note, LBC, and Lender Deed of Trust are hereby incorporated herein by reference and shall have the same meaning set forth therein unless otherwise defined herein.

**NOW, THEREFORE**, in consideration of Lender continuing the Loan with Borrower, releasing the aforementioned four lots from the Lender Deed of Trust, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Lender and Guarantor mutually agree as follows.

1. **Guaranty of Payment.** Guarantor hereby expressly acknowledges that it has previously informally committed to reimburse Lender for any amount Lender is required to reimburse CA under the terms of the Grant. In addition to but not limiting the foregoing, Guarantor hereby unconditionally formally guarantees to Lender the payment and performance,

when due, by acceleration or otherwise, of the Indebtedness. For the purposes hereof, the term "Indebtedness" shall include any and all indebtedness and obligations of Borrower to Lender, including without limitation, all principal, interest, fees and expenses, evidenced by the Lender Note, the Loan and the Lender Deed of Trust, or arising in connection with the Loan, whether existing now or arising hereafter, as such Indebtedness may be modified, extended or renewed from time to time. The guaranty of Guarantor as set forth in this paragraph 1 is a guaranty of payment and not of collection. Without limiting the foregoing, Indebtedness shall include any amount of reimbursement CA requires from Lender under the Grant.

(a) **Limitation of Guaranty.** This Guaranty is a limited, unconditional, and continuing guarantee. Notwithstanding anything contained in this Guaranty to the contrary, Guarantor's maximum aggregate liability from time to time under this formal Guaranty shall not exceed the sum of (a) an amount equal to \$50,288.00; plus (b) all interest, late charges, prepayment penalties and other sums payable from time to time on the Indebtedness; plus (c) all costs and expenses of (i) the collection of the Indebtedness, (ii) enforcement of this Guaranty, and (iii) the collection and disposition of any collateral which secures or may hereafter secure all or any portion of the Indebtedness and/or this Guaranty. The above specific amount (\$50,288.00) shall be reduced by the amount of any subsequent deposit that is received by Lender or Lender's counsel from Borrower.

2. **Subordination.** Any indebtedness of Borrower to Guarantor now or hereafter existing, together with any interest thereon, shall be, and such indebtedness is hereby, deferred, postponed and subordinated to the Indebtedness.

3. **Release of Collateral, Parties Liable, etc.** Guarantor agrees that the whole or any part of the security now or hereafter held for the Indebtedness may be exchanged, compromised, or surrendered from time to time; that Lender shall have no obligation to protect, perfect, secure or insure any such security interests, liens or encumbrances now or hereafter held for the Indebtedness or the properties subject thereto; that the time or place of payment of the Indebtedness may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; that Borrower may be granted indulgences generally; that any of the provisions of the Loan, the Lender Note, or any other documents executed in connection with this transaction, may be modified, amended or waived; that any party liable for the payment thereof may be granted indulgences or released; that the bankruptcy of Borrower or other obligor shall not affect the continuing obligation of Guarantor; and that any deposit balance for the credit of Borrower or any other party liable for payment of the Indebtedness, or liable upon the security therefor, may be released, in whole or in part, at, before, and/or after the stated, extended, or accelerated maturity of the Note; all without notice to or further assent by Guarantor, who shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

4. **Waiver of Rights.** Guarantor expressly waives: (a) notice of acceptance of this Guaranty by Lender and of all extensions of credit to Borrower by Lender; (b) presentment and demand for payment of any of the Indebtedness; (c) protest and notice of dishonor or of default to Guarantor or to any other party with respect to the Indebtedness or with respect to any security therefor; (d) notice of Lender obtaining, amending, substituting for, releasing, waiving or



modifying any security interest, liens, or encumbrances now or hereafter securing the Indebtedness, or Lender's subordinating, compromising, discharging or releasing such security interests, liens or encumbrances; (e) demand for payment under this Guaranty; (f) all other notices to which Guarantor might otherwise be entitled; (g) any right or benefit of law, including but not limited to NCGS § 26-7 or its successor, for stay or delay of pursuit of demand or other remedies hereunder until all collateral has been sold or judgment has been obtained against Borrower or any other party liable for the Note, whether directly or indirectly; and (h) any right to assert against Lender, as a defense, counterclaim, set-off, or cross-claim any defense (legal or equitable) of set-off, counterclaim or claim which Guarantor may now or hereafter have against Lender or Borrower, but such waiver shall not prevent Guarantor from asserting against Lender in a separate action, any claim, action, cause of action, or demand that Guarantor might have, whether or not arising out of this Guaranty.

5. **Primary Liability of Guarantor.** Guarantor agrees that this Guaranty may be enforced by Lender without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the Lender Note or the property secured by the Lender Deed of Trust, through foreclosure proceedings under the Lender Deed of Trust or otherwise, and Guarantor hereby waives any rights to require Lender to proceed against Borrower, or to require Lender to pursue any other remedy or enforce any other right, including any and all rights under NCGS § 26-7 through § 26-9 or its successor. Guarantor further agrees that he shall have no right of subrogation, reimbursement or indemnity whatsoever, nor any right of recourse to security for the debts and obligations of Borrower to Lender, until the Indebtedness has been fully and finally paid. In addition, Guarantor hereby waives and renounces any and all rights he has or may have for subrogation, indemnity, reimbursement or contribution against Borrower for amounts paid under this Guaranty, until the Indebtedness has been fully and finally paid. This waiver is expressly intended to prevent the existence of any claim in respect to such reimbursement by Guarantor against the estate of Borrower within the meaning of Section 101 of the Bankruptcy Code, and to prevent Guarantor from constituting a creditor of Borrower in respect of such reimbursement within the meaning of Section 547(b) of the Bankruptcy Code in the event of a subsequent case involving Borrower. Guarantor further agrees that nothing contained herein shall prevent Lender from suing on the Lender Note or foreclosing the Lender Deed of Trust, or from exercising any other rights available to him under the Lender Note, the Lender Deed of Trust or the Loan, or any other instrument of security if neither Borrower nor Guarantor timely perform the obligations of Borrower thereunder, and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of Guarantor's obligations hereunder; it being the purpose and intent of Guarantor that his obligations hereunder shall be absolute, independent and unconditional under any and all circumstances. Neither the obligations of Guarantor under this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of Borrower, or by reason of Borrower's bankruptcy or insolvency. Guarantor acknowledges that the term "Indebtedness" as used herein includes any payments made by Borrower to Lender and subsequently recovered by Borrower or a trustee for Borrower pursuant to Borrower's bankruptcy or insolvency. At any time Lender is entitled to exercise its remedies hereunder, it may in its discretion elect to demand payment or performance. In the event Lender elects to demand performance, it shall at all times thereafter have the right to demand payment until all of the Indebtedness has been paid in full. In the event Lender elects to

demand payment, it shall at all times thereafter have the right to demand performance until all of the Indebtedness has been paid in full.

6. **Attorneys' Fees and Costs of Collection.** If at any time or times hereafter Lender employs counsel to pursue collection, to intervene, to sue for enforcement of the terms hereof or of the Note, or to file a petition, complaint, answer, motion or other pleading in any suit or proceeding relating to this Guaranty or the Lender Note, then in such event, all of the reasonable attorneys' fees relating thereto shall be an additional liability of Guarantor to the Lender, payable on demand. As used in this Guaranty and the other Loan Documents, the term "reasonable attorneys' fees" shall mean those attorneys' fees actually incurred by attorneys selected by Lender, at their customary and normal billing rates, as opposed to any statutory presumption that may then be in effect in the State of North Carolina.

7. **Security Interests and Setoff.** As security for Guarantor's obligations hereunder, Guarantor agrees that in the event he fails to pay his obligations hereunder when due and payable under this Guaranty, Lender shall have the right, immediately and without further action by it, to set off against the Indebtedness all money owed by Lender in any capacity to Guarantor, whether or not due, and Lender shall be deemed to have made a charge against any such money immediately upon the occurrence of such obligation becoming due even though such charge is made or entered on the books of Lender subsequent thereto.

8. **Term of Guaranty; Warranties.** This Guaranty shall continue in full force and effect until the Indebtedness is fully paid, performed and discharged. This Guaranty covers the Indebtedness whether presently outstanding or arising subsequent to the date hereof including all amounts advanced by Lender in stages or installments. Guarantor warrants and represents to Lender: (i) it is duly organized and legally existing in good standing in the State of North Carolina with full power and authority to enter into, execute, deliver and perform this Guaranty; (ii) the director, officer, manager or partner who has signed this Guaranty has full power and authority to do so on behalf of Guarantor; (iii) the execution, delivery and performance of this Guaranty does not and will not violate the terms of its charter, articles of incorporation, by-laws, partnership agreement, articles of organization, operating agreement or other organizational document as may be applicable; (iv) this Guaranty is binding upon and enforceable against Guarantor, in accordance with its terms; (v) the execution and delivery of this Guaranty do not violate or constitute a breach of any agreement to which Guarantor is a party or of any applicable laws; and (vi) there is no litigation, claim, action or proceeding pending, or, to the best knowledge of Guarantor, threatened against Guarantor that would materially adversely affect the financial condition of Guarantor or his ability to fulfill his obligations hereunder. Guarantor agrees to furnish financial information to Lender from time to time at the request of Lender and to promptly inform Lender of the adverse determination of any litigation, claim, action or proceeding or the institution of any litigation, claim, action or proceeding against Guarantor which does or could materially adversely affect the financial condition of Guarantor or his ability to fulfill his obligations hereunder. This Guaranty is binding on and enforceable against Guarantor and his heirs, personal representatives, and executors. Notwithstanding anything herein to the contrary, this Guaranty shall remain in force and effect until such time as CA confirms, in writing, to Lender that said Grant has been closed out and any obligation, including any reimbursement obligation, of Lender to CA has been fulfilled.



9. **Further Representations and Warranties.** Guarantor further represents to Lender that he has knowledge of Borrower's financial condition and affairs and represents and agrees that he will keep so informed while this Guaranty is in force. Guarantor agrees that Lender will have no obligation to investigate the financial condition or affairs of Borrower for the benefit of Guarantor, nor to advise Guarantor of any fact respecting, or any change in, the financial condition or affairs of Borrower which might come to the knowledge of Lender at any time, whether or not Lender knows or believes or has reason to know or believe that any such fact or change is unknown to Guarantor or might (or does) materially increase the risk of Guarantor, or might (or would) affect the willingness of Guarantor to continue as guarantor with respect to the Indebtedness.

10. **Additional Liability of Guarantor.** If Guarantor is or becomes liable for any indebtedness owing by Borrower to Lender by endorsement or otherwise than under this Guaranty, such liability shall not be in any manner impaired or reduced hereby, but shall have all the same force and effect it would have had if this Guaranty had not existed, and Guarantor's liability hereunder shall not be in any manner impaired or reduced thereby.

11. **Cumulative Rights.** All rights of Lender hereunder or otherwise arising under any documents executed in connection with or as security for the Indebtedness are separate and cumulative and may be pursued separately, successively or concurrently, or not pursued, without affecting or limiting any other right of Lender and without affecting or impairing the liability of Guarantor.

12. **Usury.** Notwithstanding any other provisions herein contained, no provision of this Guaranty shall require or permit the collection from Guarantor of interest in excess of the maximum rate or amount that Guarantor may be required or permitted to pay pursuant to any applicable law.

13. **Multiple Counterparts; Pronouns; Captions; Severability.** This Guaranty may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute but one and the same document. The pronouns used in this instrument shall be construed as masculine, feminine or neuter as the occasion may require. Captions are for reference only and in no way limit the terms of this Guaranty. Invalidity of any one or more of the provisions of this Guaranty shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

14. **Lender Assigns.** This Guaranty is intended for and shall inure to the benefit of Lender and each and every person who shall from time to time be or become the owner or holder of any of the Indebtedness, and each and every reference herein to "Lender" shall include and refer to each and every successor or assignee of Lender at any time holding or owning any part of or interest in any part of the Indebtedness. This Guaranty shall be transferable and negotiable with the same force and effect, and to the same extent, that the Indebtedness is transferable and negotiable, it being understood and stipulated that upon assignment or transfer by Lender of any of the Indebtedness the legal holder or owner of said Indebtedness (or a part thereof or interest therein thus transferred or assigned by Lender) shall (except as otherwise stipulated by Lender in its assignment) have and may exercise all of the rights granted to Lender under this Guaranty to the extent of that part of or interest in the Indebtedness thus assigned or transferred to said person. Guarantor expressly waives notice of transfer or assignment of the Indebtedness, or any part thereof, or of the rights of Lender hereunder. Failure to give notice will not affect the liabilities of Guarantor hereunder.

15. **Application of Payments.** Lender may apply any payments received by it from any source against that portion of the Indebtedness (principal, interest, court costs, attorneys' fees or other) in such priority and fashion as it may deem appropriate.

16. **Notices.** All notices required to be given hereunder shall be in writing and shall be deemed served at the earlier of (i) receipt or (ii) forty-eight (48) hours after deposit in registered, certified or first-class United States mail, postage prepaid, and addressed to the parties at the following addresses, or such other addresses as may from time to time be designated by written notice given as herein required:

to the Guarantor:

Marc A. Recko, Executive Director  
Washington Housing Authority  
809 Pennsylvania Ave.  
Washington, NC 27889

to the Lender:

Brian Alligood, City Manager  
City of Washington  
102 E. 2<sup>nd</sup> St.  
Washington, NC 27889

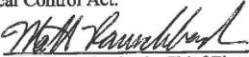
Personal delivery to a party or to any officer, partner, agent or employee of such party at its address herein shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received shall also constitute receipt. Notwithstanding the foregoing, no notice of change of address shall be effective until the date of receipt thereof. This paragraph 16 shall not be construed in any way to affect or impair any waiver of notice or demand herein provided or to require giving of notice or demand to or upon Guarantor in any situation or for any reason.

17. **Governing Law.** This Guaranty shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the internal laws and judicial decisions of the State of North Carolina. Guarantor and Lender agree that any dispute arising out of this Guaranty shall be subject to the exclusive jurisdiction of the Superior Court of Beaufort County. For that purpose, Guarantor hereby submits to the jurisdiction of the Superior Court of Beaufort County. Guarantor further agrees to accept service of process out of said court in any such dispute by registered or certified mail addressed to Guarantor.

IN WITNESS WHEREOF, the parties hereto have caused this Guaranty Agreement to be executed as of the day and year first above written by all proper authority duly given.


PRE-AUDIT CERTIFICATE


This Agreement has been pre-audited per North Carolina General Statute § 159-28 in the manner required by the Local Government Budget and Fiscal Control Act.

  
Matt Rauschenbach, Chief Financial Officer  
City of Washington

WASHINGTON HOUSING AUTHORITY

CITY OF WASHINGTON

By:  (SEAL)  
Gil Davis  
Printed Name  
Board Chairperson  
Title  
April 6, 2015  
Date

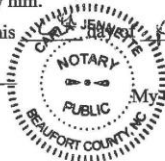
By:  (SEAL)  
Jay Macdonald Hodges  
Printed Name  
Mayor  
Title  
April 13, 2015  
Date

NORTH CAROLINA  
BEAUFORT COUNTY

The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Gil Davis personally appeared before me this day, and being duly sworn by me, acknowledged that he/she is Board Chairperson of Washington Housing Authority, and that by authority duly given and as the act of Washington Housing Authority the foregoing instrument was signed by him.

Witness my hand and notary seal this April, 2015.

  
Notary Public




My Commission expires: 4/22/2019

NORTH CAROLINA  
BEAUFORT COUNTY

The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Jay Macdonald Hodges personally appeared before me this day, and being duly sworn by me acknowledged that he is Mayor of the City of Washington, and that by authority duly given and as the act of the City the foregoing instrument was signed by him.

Witness my hand and notary seal this 13 day of April, 2015.

  
Notary Public



My Commission expires: 12/14/2019

**ADOPT – RESOLUTION OF INTENT TO CONVEY SURPLUS REAL PROPERTY LOCATED GENERALLY OFF OF HUDNELL STREET**

City Manager, Brian Alligood explained during the regular scheduled meeting of the City Council, which was held on March 23, 2015, a resolution was adopted to begin the upset bid process to dispose of surplus real property located generally off of Hornell Street, Washington, NC.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council adopted an ordinance to amend the City Code, including but not limited to Chapter 2, Administration, Article XXII, Warren Field Airport and Chapter 40, Article IX, Airport Zoning.

**RESOLUTION STATING THE INTENT OF THE CITY OF WASHINGTON TO CONVEY SURPLUS REAL PROPERTY LOCATED GENERALLY OFF OF HUDNELL STREET**

**WHEREAS,** the City of Washington has declared the real property located generally off of Hudnell Street to be surplus to the needs of the City and more particularly described as follows:

IT BEING all of that lot or parcel bounded on the West by Queen Street, on the East by Hudnell Street (SR 1552) and on the South by the property now or formerly owned by the Washington Housing Authority as shown on the plat entitled “A Survey of Property Standing in the Name of William R. & Kathy P. Waters” prepared by Hugh A. Sorrell Land Surveying dated July 30, 2012 and recorded in Plat Cabinet H, Slide 90-5 of the Beaufort County Registry. Reference is herein made to said plat for a more complete and accurate description.

**WHEREAS,** the upset bid procedure for selling real property, as outlined and set forth in North Carolina General Statute § 160A-269, has been followed.

**WHEREAS,** the required notices for the upset bid process were advertised in the Washington Daily News. The notices described the property, set out the amount and terms of the original offer as well as any subsequent offers, and specified the requirements for submission of a qualifying upset bid and any subsequent qualifying upset bids.

**WHEREAS,** the upset bid process having concluded, the final, highest qualifying bid (offer) is now being reported to City Council for their consideration.

**NOW THEREFORE BE IT RESOLVED:** The final, highest qualifying bid (offer) in the amount of \$2,000.00 is accepted by the City of Washington and the Mayor is hereby authorized to execute all the legal documents necessary to convey the property generally located off of Hudnell Street and more particularly described above to R & G Enterprises, LLC.

Adopted this the 13<sup>th</sup> day of April, 2015.

**ATTEST:**

s/Cynthia S. Bennett  
City Clerk

s/Jay MacDonald Hodges  
Mayor

**NEW BUSINESS:**

**APPROVE – REQUEST FOR ALCOHOL AT FESTIVAL PARKS: EVENTS ARE PICKIN' ON THE PAMLICO AND GIT' DOWN DOWNTOWN)**

Beth Byrd presented the following request to Council.

*April 13, 2015*

*Dear Honorable Mayor and City Council,*

*I come before you tonight to request that you allow beer and wine to be sold at two events the Washington Harbor District Alliance will be hosting in Festival Park. These events are Pickin' on the Pamlico on Saturday, August 15th and Git' Down Downtown on September 12th. Each event will be held in the evening hours. WHDA produces over 19 events throughout the year. Most of these events serve only to bring people downtown to promote Washington and are operated at a net loss to WHDA. Pickin' on the Pamlico and Git' Down Downtown are produced as fundraisers to support all the projects WHOA works on throughout the year. This is an important avenue that WHOA uses to supplement its budget. Pickin' on the Pamlico and Git' Down Downtown are both ticketed events. Through marketing, the public is fully aware that beer and wine will be served at these events. Actually a lot of people participant because they are able to enjoy a cold one while eating and listening to the music entertainment provided. At Pickin' on the Pamlico an all you can eat crab and shrimp feast will be served as part of the ticket price. At Git' Down Downtown numerous food trucks and local restaurants will be serving a variety of food. Of course, WHDA will comply with all regulations put forth by the ABC commission and the City as far as police presence.*

By motion of Councilman Beeman, seconded by Councilman Brooks, Council approved the request for alcohol at Festival Park for Pickin' on the Pamlico and Git' Down Downtown. Motion carried 3-2 with Mayor Pro tem Roberson and Councilman Mercer opposing.

**PRESENTATION – CITY MANAGER'S RECOMMENDED FY 2015-2016 BUDGET**

City Manager, Brian Alligood presented the recommended FY2015-2016 Budget and reviewed the budget message with Council.

Manager’s Budget Message  
Fiscal Year 2015-2016

To: The Honorable Mayor and Members of City Council  
Date: April 13, 2015

This binder contains the City’s recommended annual budget as required by North Carolina General Statute 159 and the *Local Government Budget and Fiscal Control Act*. Three general sections comprise the document. The first section is the continuation budget for all funds necessary to carry out the services authorized by the Washington City Council. This section contains financial information and narrative descriptions of the programs and services. The narrative portions of this section are created in an attempt to help explain the purpose and function of the different departments and programs in order to better educate the reader about City services. Financial summaries, as well as line item details, are also provided for the reader to review. The second section is a fee manual that describes the user fees that attempt to recover some or all of the costs of services from the direct beneficiaries of the services, rather than taxpayers. The third section contains information on 15 General Fund and 5 Enterprise Fund service expansions proposed by departments and outside agencies. These are “new and different” programs or activities that expand the current level of service to City of Washington citizens and taxpayers or requests from outside agencies for funding above the level provided to them by the City in the previous fiscal year. The budget is balanced and prepared in accordance with the policies and procedures outlined in the *Local Government Budget and Fiscal Control Act*.

Goals

This budget is a vision of what the City will strive toward in the coming year. The values communicated during the budget process and incorporated into the recommended budget where possible are:

- ❑ Continue to rely on financial plans and systems in the preparation of the proposed budget;
- ❑ Conservatively estimate revenues and expenditures to avoid expectations of performance that are not realistic;
- ❑ Create an atmosphere where efforts to “spend down” during the fiscal year are discouraged;
- ❑ Present a budget that re-evaluates all expenditures in order to offset projected losses in revenues so that in light of the current economic conditions a tax increase is not needed for general government operations, but allows for policy review and potential service reductions or expansions based on other policy directives.
- Capital Project Funds – these funds are similar to grant funds in that they are restricted for specific uses. They are usually for specific capital improvements projects and can span several fiscal years.
- Internal Service Funds – these funds are utilized by the City in managing services across the entire organization, such as the City’s self-insured workers’ compensation fund program.

General Fund

The recommended General Fund budget for FY 15-16 is **\$14,407,419**. This is \$221,441 or 1.5% less than the FY 14-15 amended budget. When compared to the original starting FY 14-15 budget, the FY 15-16 recommended budget is \$278,915 or 2% greater.

Revenues

- ⇒ The recommended budget increases the ad valorem tax rate by 1.5 cents to \$0.515 for each \$100 of assessed property valuation. This is a direct result of legislation passed by the NC General Assembly that repeals business privilege licenses and the associated revenue for the City. The recommended 1.5 cents increase equals an additional \$15.00 per year in City property taxes on a home valued at \$100,000.
- ⇒ The proposed tax rate continues to include \$0.0198 designated for the Public Safety Capital Reserve Fund to service the debt for Fire Station #2.
- ⇒ Ad valorem taxes are projected to be 3% higher than the prior year due to the recommended tax increase.
- ⇒ Other Taxes and Licenses as a whole are projected to increase by approximately 2%. Sales tax revenues are projected to increase due to tax reform changes at the State level and local occupancy tax revenues are also trending upward. However, the occupancy tax revenue is a pass through revenue that goes to the Tourism Development Authority, minus a 3% administrative fee from the City, and the complete loss of the privilege license tax proceeds keeps this revenue category generally flat.
- ⇒ Unrestricted Intergovernmental revenues are projected to be flat with a slight 1% increase.
- ⇒ Restricted Intergovernmental revenues are projected to increase by 3%. However every revenue line item in this category is project to be lower except revenue from the renegotiated County EMS contract, the annual programmed increase for Fire/EMS services to Washington Park and an anticipated Library contribution of \$100,000 from the County based on recent negotiations regarding the sharing of services.
- ⇒ Permits and Fees revenues are projected to decrease by 25% due to the continued slow recover of the residential and commercial building industries in Washington.
- ⇒ Sales and Services revenues are projected to remain flat despite the implementation of the sports league participation fee.
- ⇒ Investment Earnings are projected to decrease by 10% due to the continued low interest rates in the investment market.
- ⇒ Miscellaneous revenues are projected to decrease by \$15,559 based on FY 14/15 current trends.

- ❑ Provide an analysis of general government cost centers in order to more clearly demonstrate where general fund tax dollars are being spent and what services are provided.
- ❑ Review general fund fees and enterprise fund rates to determine if adjustments need to be made in order to more appropriately recover the costs associated with individual programs or services and reduce the need to use general tax dollars for these operations.
- ❑ Reduce short-term financing for capital projects and instead use pay-as-you-go financing when appropriate.

The budget team prepared this document to meet these goals where possible. The proposed FY 15-16 budget maintains all City programs and services as directed by the City Council. The tax rate, however, is recommended to increase by 1.5 cents per \$100 of valuation. This is a 3% increase in the tax rate that moves the rate from 50 cents to 51.5 cents per \$100 valuation. This recommended tax increase is based solely on the loss of revenue from business privilege licenses that were repealed by the NC General Assembly during its last session. The recommended 1.5 cent tax increase is equivalent to an additional \$15.00 in taxes per year on a home valued at \$100,000.00. The recommended budget also increases certain fees in the general fund and rates in the enterprise funds based on the revenue review requested by City Council.

Overview of the Budget

The City’s fiscal year begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>. The budget is divided into separate funds in order to account for revenue collected and services provided. The following is a list of the funds accounted for in this budget:

- General Fund – this fund is the “typical” governmental fund, where all taxes and some user fees and intergovernmental transfers are used to provide basic governmental services, such as police, fire, finance, planning, zoning, inspections, parks and recreation, library, street maintenance, and administration of all City services.
- Enterprise Funds – these funds are separate “self-sustaining” funds, commonly including all utility services and other functions where taxes are not generally used in its operations. Washington’s enterprise funds include:
  - Water Fund
  - Sewer Fund
  - Electric Fund
  - Storm Water Management Fund
  - Airport Fund
  - Solid Waste Fund
  - Cemetery Fund
- Trust Funds – these funds are primarily received from interest proceeds from investments maintained by the City for specific purposes, such as Library and Cemetery operations.
- Special Revenue Funds – these funds are typically restricted in purpose and designation by City Council, and include such funds as capital reserve funds and a façade grant fund.
- Grant Funds – grant funds are restricted in their use and are typically used for ongoing projects. These projects are usually funded by grants from outside agencies and are for short-term operating expenditures.

- ⇒ Transfers From revenues are recommended to remain flat. It was a desire of Council to again reduce the amount of the Electric Fund transfer this year, however due to the substantial recurring loss of revenue from other sources, this transfer is recommend to remain at the FY 14-15 level.
- ⇒ Administrative Charges are recommended to increase by \$165,039. These charges are allocated to other funds in order to help pay for their share of resources used in the General Fund. Each fund is assessed based on a specific metric that attempts to most accurately reflect its burden on the General Fund. The main driver for the projected increase is the increase in sales and services related to the Electric Fund.
- ⇒ The recommended budget appropriates \$300,996 in General Fund Balance or 2.1% of General Fund expenditures. This is a decrease of \$551,435 or 65% from the prior year.
- ⇒ As of June 30, 2014 the unassigned/unreserved General Fund Balance was \$6,238,713. In FY 09-10 the Council adopted a resolution recognizing the need to maintain a \$2M unassigned/unreserved General Fund Balance for a natural disaster recovery in excess of a 16.7% or two-month operating reserve. This equals \$4,401,236 for FY 15-16. A proposal to use a portion of the remaining unassigned fund balance to establish a vehicle replacement fund and a facility maintenance fund will be discussed during budget workshops.

Expenditures

- ⇒ Administrative Cost Centers – expenditures in these cost centers increased by \$196,340 or 5.6% from the original FY 14/15 budget. The majority of this increase is due to capital expenditures needed to replace end of life computer network equipment and switches, as well as the replacement of the financial accounting software. There are also increases associated with the reimbursement of election expenses to the County for holding municipal elections this year.
- ⇒ Other Cost Centers – expenditures in these cost centers decreased overall by \$158,404 or 12.3%. The largest decrease was in the miscellaneous area. Clawbacks for the Keysville CDBG project were paid from this line item last year but are not included this year. Additionally general fund transfers to the Airport Fund and the Cemetery Fund are not needed this year to balance those funds.
- ⇒ Public Safety Cost Centers – expenditures in these cost centers increased overall by \$162,430 or 2.8%. The largest increase in this category is related to EMS expenditures for a replacement ambulance and the expansion of the Paramedic program approved last year.
- ⇒ Public Works Cost Centers – expenditures in these cost centers increased overall by \$22,465 or 1.6%. The majority of this increase is due to capital maintenance needs and the replacement of a retaining wall on Holloman Street.
- ⇒ Cultural and Leisure Cost Centers – expenditures increased overall by \$57,584 or 2.8%. The main driver of this increase is the roof replacement project at the Bobby Andrews Center and capital equipment replacement needs.
- ⇒ Outside Agencies – The funding for all outside agencies was held flat in the recommended budget with any requested increases being addressed as service expansions. Per the direction of the City Council the funding for the Human Relations

Commission was moved out of this cost center and under the City Manager's Office budget.

Enterprise Funds

The combined Enterprise Fund budgets for FY 15-16 are **\$47,186,374**. This is \$1,996,525 or 4.4% more than the FY 14-15 original budget due to proposed rate/fee increases across the funds. All of the enterprise funds are balanced. An analysis of rate/fee revenues was conducted over the past year and reviewed by the Council. Rates/fees in certain enterprise funds were adjusted based on this study.

Water Fund

The Water Fund recommended budget is \$3,103,417, which is 2.2% greater than the prior year original budget and includes the following significant items:

- ⇒ A 2% increase in water rates is recommended. Based on City-wide average residential water use this equals a \$5.17 increase per year on a water bill. The last water rate increase occurred 7 years ago and was 4%.
- ⇒ The Water Fund has no debt service. All bonds and installment notes are paid off
- ⇒ No fund balance is appropriated this year
- ⇒ Expenditures include a payment-in-lieu-of-taxes (PILOT) to the General Fund in the amount of \$139,072 and a transfer to the water capital reserve in the amount of \$66,684.
- ⇒ Capital expenditures in the amount of \$94,588 are recommended as PayGo and are detailed on the recommended capital sheet

Sewer Fund

The Sewer Fund recommended budget is \$3,126,681, which is 2.1% less than the prior year and includes the following significant items:

- ⇒ A 4% increase in sewer rates is recommended. Based on City-wide average residential sewer use this equals a \$13.09 increase per year on a sewer bill. The last sewer rate increase occurred 7 years ago and was 7.5%.
- ⇒ Sewer bonds were paid off in FY 14-15 leaving only the State Revolving Loan debt. Debt service is down \$150,470.
- ⇒ \$52,000 in Sewer Fund balance is appropriated to balance the budget. This amount is down by \$95,619 from the prior year.
- ⇒ Expenditures include a payment-in-lieu-of-taxes (PILOT) to the General Fund in the amount of \$195,607.
- ⇒ Capital expenditures in the amount of \$135,588 are recommended as PayGo and are detailed on the recommended capital sheet

Stormwater Management Fund

The Stormwater Management Fund recommended budget is \$756,665, which is 20% higher than the prior year and includes the following significant items:

- ⇒ A 20% increase in storm water rates is recommended. Based on City-wide average storm water rates this equals a \$10.48 increase per year on a stormwater bill. The last storm water rate increase occurred 7 years ago and ranged from 15-22%. A storm water rate study is currently being conducted and it is anticipated that rates will have to continue to increase over the next several years in order to fund the improvements needed to manage the existing flooding issues.
- ⇒ \$70,328 in Stormwater Fund balance is appropriated to help balance the budget
- ⇒ \$300,000 in capital spending (\$150,000 budgeted this year plus \$150,000 remaining in the RZDB fund) is recommended for storm water maintenance projects.

Summary

The City of Washington continues to face many known challenges in the coming year. There are however many of them that are still unknown. This recommended budget continues current City operations and services in accordance with the Council's directive at the budget planning session. It is, however, unable to maintain the current tax rate as requested and instead recommends an increase of 1.5 cents from \$0.50 to \$0.515 per \$100 of assessed property value. The recommended budget also adjusts many of the general funds fees and enterprise fund rates as a result of revenue analyses done over the past year.

This recommended budget clearly does not meet all the expectations expressed by the City Council. It recommends a tax increase in order to make up for business privilege license revenues that were eliminated by the NC General Assembly. When this revenue source was eliminated, the Governor and members of the General Assembly said that they would work to provide a solution for municipalities but that promise has yet to come about. Local governments are "creatures of the legislature" and can only do those things that they are given specific authority to do by the General Assembly. This includes their revenue streams. By eliminating a revenue stream, the Legislature has forced municipalities to raise local property taxes or cut the current levels of services it provides to its residents. To put this in perspective, the local impact of the amount of the business privilege licenses revenue eliminated by the General Assembly is roughly 2.5 police officer or firefighter positions. This recommended budget, as requested, maintains those levels of services but it is only done at the expense of a tax increase that equals \$15.00 per year on a home valued at \$100,000. Yes, it is possible to go another year without a tax increase and maintain the current levels of service, however it is not fiscally responsible to do. Putting off maintenance or deferring capital replacement needs again and again is a short term fix that never goes away and only costs more tax dollars in the long run. The City of Washington cannot continue to push hard financial decisions down the road and put off what is inevitable: revenues must be increased or services must be cut.

Putting together a budget is a tremendous effort. Chief Financial Officer Matt Rauschenbach and Assistant Finance Director Anita Radcliffe, as well as the entire Finance team, did an outstanding job in creating an informative and functional document that serves as a management tool and an outline from which to debate policy. Thank you for your many long hours of hard work.

Department managers did an outstanding job of analyzing and compiling budgets that met the expectations they were given. They deserve many thanks and tremendous admiration. The people working for City of Washington are truly special people who care about their community and take pride in providing efficient and effective services that make life better for others. I am grateful to have the privilege to work with them.

Respectfully submitted,



Brian M. Alligood, City Manager

Electric Fund

The Electric Fund recommended budget is \$38,049,158, which is 4.5% greater than the prior year and includes the following significant items:

- ⇒ No changes in the rate structure or load management credits are recommended until after the NCEMPA asset sale is finalized and a cost of use study is completed.
- ⇒ Sales and service are anticipated to increase 3% from the prior year based on the Booth forecast. This forecast is dependent on weather conditions and is susceptible to change.
- ⇒ No fund balance is appropriated.
- ⇒ Transfer to the General Fund remains at \$470,000. An additional \$190,000 payment in lieu of sales tax is budgeted due to the loss of revenue created by the changes in the sales tax formula adopted by the NC General Assembly last year.
- ⇒ Tree trimming funds have been increased by \$191,000 to support the right-of-way clearing program instituted last year. This program will reduce outages and costs associated with restoring them.
- ⇒ \$283,942 in PayGo capital expenditures and \$1,602,500 in capital installment financing are detailed on the recommended capital sheet.

Airport Fund

The Airport Fund recommended budget is \$506,589, which is 64% greater than the prior year and includes the following significant items:

- ⇒ \$150,000 in Vision 100 grant funds from the State are anticipated in this budget.
- ⇒ No transfer from the General Fund is needed this year to balance the budget. \$110,984 of Airport Fund Balance is appropriated but is anticipated to be a onetime occurrence.
- ⇒ Fuel sales are anticipated to increase by 12%.

Solid Waste Fund

The Solid Waste Fund recommended budget is \$1,300,300, which is 0.2% higher than the prior year and includes the following significant items:

- ⇒ A \$1.00 per month increase in the residential solid waste rate is recommended (\$14/month to \$15/month). The last solid waste rate increase occurred 7 years ago and was a \$2 per month increase.
- ⇒ One position is recommended for elimination upon the retirement of the employee in September 2015.
- ⇒ No fund balance appropriation is needed to balance the budget.
- ⇒ No capital purchases are recommended, but \$89,508 is recommended to be transferred to the Capital Reserve Fund for future capital needs.
- ⇒ Contingency in the amount of \$10,000 is available for emergency expenses.

Cemetery Fund

The Cemetery Fund recommended budget is \$343,564, which is \$16,616 more than the prior year and includes the following significant items:

- ⇒ Various fee changes are recommended as detailed in the fee manual. The last fee changes occurred 2 year ago.
- ⇒ Perpetual fees are recommended to be included in the grave opening fees.
- ⇒ No transfer from the General Fund is required to balance the budget. Cemetery fund balance in the amount of \$111,414 is appropriated instead.
- ⇒ Capital expenditures in the amount of \$26,800 are recommended as PayGo and are detailed on the recommended capital sheet

ANY OTHER ITEMS FROM CITY MANAGER: NONE

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:  
DISCUSSION: DRONES

Councilman Pitt continued this item to another time.

UPDATES AND INFORMATION

Mayor Hodges recognized Dr. Jim Taylor, President of KAMPN Inc. (Kids with Autism Making Progress in Nature). Dr. Taylor is in the area as part of the Beech to Beach bike tour raising awareness of autism.

Mayor Hodges noted that the documentary on Dominique Wilkins will air on ESPN1 at 8:00pm on Friday, April 17<sup>th</sup>.

**CLOSED SESSION: UNDER NCGS § 143-318.11(A)(1) DISCLOSURE OF CONFIDENTIAL INFORMATION UNDER 143-318.10(E) PUBLIC RECORDS ACT AS WELL AS 159B-38 CONFIDENTIALITY OF CONTRACT DISCUSSIONS; (A)(3) ATTORNEY/CLIENT PRIVILEGE; AND (A)(5) LAND ACQUISITION FOR ECONOMIC DEVELOPMENT**

By motion of Councilman Pitt, seconded by Councilman Brooks, Council agreed to enter into closed session at 8:11pm under NCGS § 143-318.11(a)(1) Disclosure of Confidential Information under 143-318.10(e) Public Records Act as well as 159B-38 Confidentiality of Contract Discussions; (a)(3) Attorney/Client Privilege; and (a)(5) Land Acquisition for Economic Development

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council agreed to come out of closed session at 8:45pm.

**ADJOURN:**

By motion of Councilman Pitt, seconded by Councilman Beeman, Council adjourned the meeting at 8:50pm until Monday, April 27, 2015 at 6:00 pm, in the Council Chambers (note change in regular meeting time).

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**Cynthia S. Bennett, MMC**  
City Clerk